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SUBJECT: REPORTS OF DEATH OF EITI IN EQUATORIAL GUINEA GREATLY
EXAGGERATED

¶1. (U) This message contains an action request. Please see para 13 below

¶2. (SBU) On May 19, we met with Extractive Industries Transparency Initiative (EITI) Coordinator (and Vice Minister of Economy) Francesca Tatchoup to discuss the state of play. From her perspective things are generally on track but she continues to struggle with World Bank (WB) Technical Assistance (TA) provided in the form of two international consultants. Related issues surround civil society's participation in the process. Despite time pressures she remains optimistic of Equatorial Guinea's drive to gain EITI membership by 2010.

¶3. (SBU) The week of May 4 saw a great deal of EITI-related activity. Industry representatives made presentations to EG civil society group, the multi-stakeholder group met to discuss terms-of-reference draft for the reconciler, and scope of EITI reporting. A meeting of industry, government and civil society also met to discuss the Terms of Reference (TOR). On Thursday May 7, the Coordinator and the primary WB consultant met with the Ministerial Committee (comprised of the Ministers of Finance, Energy and Planning). This was the first meeting of the WB consultant with this committee. Tatchoup indicated that her advice to the consultant to calibrate her presentation for the ministers' level went unheeded, with the consultant approaching ministers as though she were still dealing with EG's poorly developed and unsophisticated civil society.

¶4. (SBU) According to the Coordinator, the ministers became frustrated by the technical-level presentation, asserted control and began to probe the WB consultant about possible connections between EITI (chaired by Peter Eigen) and a recent French court case brought against EG's president by Transparency International, an NGO originally founded by the same Mr. Eigen. Ultimately, the WB consultant, who the coordinator suspects has little experience dealing at the ministerial level, was able to convey a trimmed version of the presentation to the Committee. One of the results of the difficult meeting was a decision of the group to report out to the Council of Ministers, i.e., the Prime Minister and his entire cabinet or 26 members.

¶5. (SBU) WB consultants apparently assumed this was a death sentence for EITI in EG, and reported such back to headquarters. However, on Tuesday, May 12 the Coordinator and the EITI Ministerial Committee presented its report to the Council, which

was attended by President Obiang. Discussion of the EITI/TI connection continued in this meeting. In remarks to the group, Obiang is reported to have suggested that the ministers look beyond that issue, that the two things were separate, and that EITI should be pursued for its own merits and as a matter of EG's own interests. Portions of this meeting were carried on national TV. The Council concluded its meeting with instruction to Coordinator/Ministerial Committee to proceed with its work.

Nuts and Bolts

16. (SBU) Both industry and the government state they are prepared to move forward, though minor issues remain. These include the question of use of aggregated versus disaggregated data, reporting period and confidentiality of source documentation. Once these issues are clarified, the TOR and hiring of a reconciler will take place.

17. (SBU) The problem of the Civil Society (CS) stake-holder element is likely to remain. One problem is that of EG government support for CS's participation. We were told the government understood and expected that others -- such as the EU, WB and/or INGO's such as Revenue Watch -- would support CS participation in the process. That has not been the case. CS complains at each opportunity (included to the U.S. Embassy) that they are not receiving subsidies for their work in the process, and threaten to withdraw if funds are not available.

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The EG government, aware of its reputation for co-opting opponents, has provided modest support but is reluctant to provide such subsidies out of fear it would be misconstrued. The WB, meanwhile, is pushing for such subsidies despite the peculiar optic it would present.

18. (SBU) Another issue is the divisive nature of CS itself and a drawbridge mentality among its members. The WB has encouraged a few local, non-EITI-affiliated NGOs to participate in meetings despite their original reluctance to be included in the process. One NGO in particular seems to have attracted the support of the primary WB consultant, who regularly invites its director to meetings. Other CS members object to this "outsider." The WB consultant has also pushed for changes in the self-elected leadership structure of the CS group, another point of friction within the group.

19. (SBU) The EU plans to conduct two major seminars for CS in coming weeks -- one on the validation process and another on interpretation of the results once available. The local office tells us that funds are finally available to support CS training, which will relieve part of the subsidy issue. However, local representatives tell us the EU will not provide support (i.e., travel and per diem) for participation in official meetings. Travel costs to/from Malabo (island) and Bata (continent) are not insignificant.

110. (SBU) The draft TOR has been updated and ready for review. The next key step is to assemble the National Committee (i.e., the multi-stakeholder group of government, CS and industry) to approve the TOR and hire a Reconciler. The Coordinator hopes to complete this activity by the end of May.

¶11. (SBU) COMMENT: CS was always going to be the most difficult part of the EITI process in EG. To assemble the 15-member group at all in EG's weakly developed CS sector required cobbling together an odd mix of religious groups, political parties and a handful of willing local NGOs. Now that the process is getting traction, and the CS sector is developing further, there is opportunity to augment the group down-range. Trying to do so now, which may be what the WB (and even the EU) would like to do, is likely to cause confusion that would halt the process.

¶12. (SBU) COMMENT CONTINUED: It might also be useful to signal to the GREG whether we think it prudent to subsidize CS in this process. Doing so would give them cover from critics who might protest later. International TA that is more comfortable and affective in dealing at the ministerial level may also be useful, especially as we come to a necessary final decision by the Cabinet/Council of Ministers. The WB appears not to fully appreciate the consensus-based decision process within the EG government.

¶13. (SBU) ACTION REQUEST: Complications with the EITI process here caused Coordinator Tatchoup to miss a recent opportunity to meet with EEB EITI experts on the margins of the recent EITI International Secretariat and Board meeting with National Coordinators. However, she would still like to do so, preferably during the July timeframe and has request the embassy facilitate such a meeting. Request Department guidance regarding EEB availability for such a meeting.
SMITH